RV BUSINESS

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Harrisburg Show Displays Styling Shift

The continuing trend to more modernistic, automotive exterior styling in American motorhomes – call it the '90s look – was evident at the 21st Annual Pennsylvania Recreational Vehicle & Camping Show, held Sept. 11-17 in Harrisburg, Pa.

Among the new products unveiled at the nation's second key seasonal trade show, RV Expo '90, which is sponsored by the Pennsylvania Recreational Vehicle & Camping Association (PRVCA), were revamped Class A's that seem to have collectively shed the angular boxy look inherited from the 1970s.

The trend to aerodynamic, automotive looks has spread to encompass the restyled products of even small companies such as Trailblazer Ltd., Edwardsburg, Mich., which offered a redesigned Trailblazer Class A.

The new styling also continued to make inroads among the larger manufacturers. For example, Winnebago Industries Inc., Forest City, Iowa, unveiled a remodeled Itasca, and Thor Industries Inc., Jackson Center, Ohio, displayed a more upscale Pinnacle.

Noteworthy introductions at Harrisburg included Dryden, Mich.-based Champion Motor Coach Inc.'s "completely redesigned" midpriced LaSalle, a modined basement coach featuring a "stylish, automotive" nose cap, integrated taillights, a wraparound rear/bumper and a radius aluminum roof.

Georgie Boy Manufacturing Inc., Edwardsburg, Mich., also debuted its restyled top-of-the-line 1990 Encounter, a half-basement model sporting "rounded

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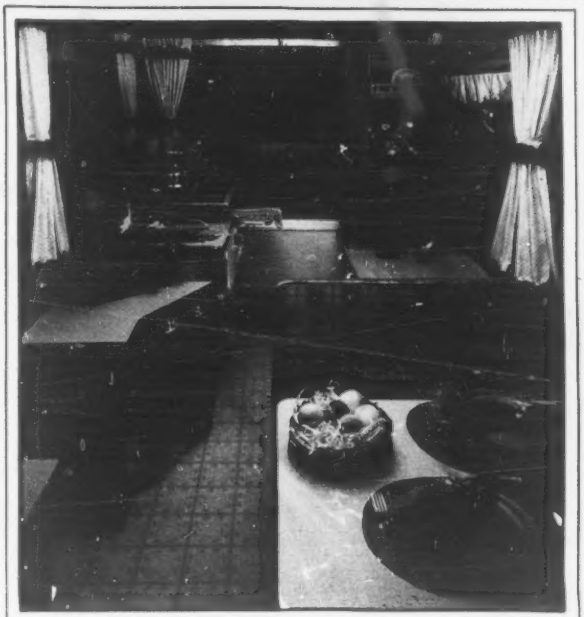

FOLD-DOWNS BET ON 1990: Despite a tough 1989 market, fold-down makers are upbeat about '90. See page 24.

RVIA Approves Plan for National RV Technical Institute

RVIA has answered a widespread demand for improved training of RV-dealership service technicians by throwing its moral and financial support behind an Iowa educator's proposal for a "National Recreational Vehicle Technical Institute."

RVIA's board of directors voted its approval during its quarterly meeting Sept. 18 at the Stouffer Madison Hotel in Seattle, Wash., according to Gary LaBella, vice president of public relations for the Reston, Va.-based trade association.

Plans for the national institute, which is expected to be financially self-sustaining, call for one-year programs through a permanent network of 12 community colleges and technical schools throughout the country within three years.

The institute will offer a standardized training curriculum for service technicians and will award graduates "Excellence in Recreational Vehicle Service" certification, according to LaBella.

"This is simply a response by RVIA to the increasing need for recreational vehicle service technicians," LaBella explained. "The concept behind this program is to meet the anticipated needs that we see in the 1990s. There is no question that most surveys show that there is going to be an increased labor shortage in the 1990s, and I think that this is a farsighted approach by the RV industry to ensure that we are not caught short, that we have trained service technicians in the market to take care of the consumers over the long haul."

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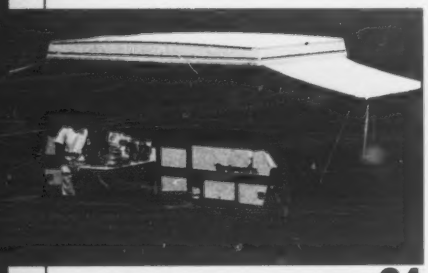

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Fold-downs Bet on 1990 ____ 24

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Truck-camper builders say this year's slow spring sales season was only a pause in an ongoing climb upward from the market's all-time low in 1980. Manufacturers count on the popularity of pickup trucks to carry their product toward steady growth in 1990 and beyond.

WDA Executive Conference ____ 56

The Warehouse Distributors Association's 16th Annual Executive Conference in Nashville, Tenn., provides a full calendar of events to allow distributors, suppliers and manufacturers' agents to view products, place orders and renew relationships.

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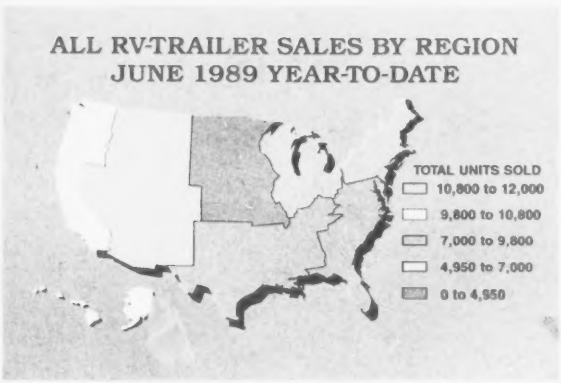
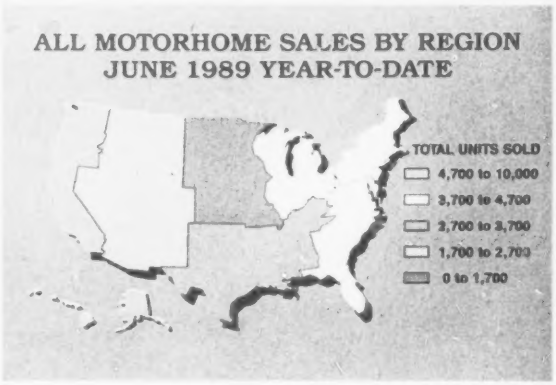
JUNE SEES LEVELING OUT OF MARKET

THOMAS WALWORTH





East North Central: Illinois, Indiana, Michigan, Ohio, Wisconsin. Mountain: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming. Northeast: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont. Pacific: Alaska, California, Oregon, Washington, Hawaii. South Atlantic: Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, West Virginia. West North Central: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota. South Central: Alabama, Arkansas, Kentucky, Louisiana, Mississippi, Oklahoma, Tennessee, Texas.

By June, the RV retail market gave indications that it was leveling out as its rate of decline slowed when compared with 1988. The retail numbers suggested that the industry might even be poised on the brink of market improvement.

Although both the RV-trailer and motorhome markets were down for the first half of 1989 when compared with the same six months of 1988, the retail tallies were behind by less than 9% in both cases. The RV-trailer market was down 8.1%, or 5,848 units, for the first six months of 1989 compared with last year, while the motorhome market was off 5%, or 1,910 units, behind last year's pace in June.

The RV-trailer market was down 10.4%, or 1,595 units, in June compared with June of last year. Yet this was an improvement over the experience of May, in which sales were down 12%, or 1,893 units, from the previous May.

Figure 1 shows the ranking of regions by percentage change in trailer sales for June compared with June 1988. In the leading Northeast region, New Hampshire recorded the largest percentage sales growth. For the bottom-ranked East North Central region, Illinois had the largest percentage decline.

For the year-to-date in June, the RV-trailer market was down 8.1% from the first half of 1988. All seven regions of the country experienced negative growth, but the decline was slowing.

Listed in Figure 2 are the regions ranked by their percentage change for the year to date compared with the first half of last year. From the figure, it can be seen that the markets were not performing as usual in June. There was a great deal of movement in the year-to-date numbers, which was atypical for this late in the season. In the top-ranked South Central region, the state of Arkansas reported the largest percentage gain based on a two-year sales comparison. In the West North Central region, North Dakota experienced the largest decline in sales compared with 1988.

Meanwhile, the motorhome market was

RV TRAILERS, JUNE '89

June '89 Rank	Region	% of Change From June '88	May '89 Rank
1	Northeast	1.86	7
2	Pacific	-8.06	2
3	W.N. Central	-10.80	6
4	Mountain	-11.10	3
5	S. Atlantic	-14.80	4
6	S. Central	-15.20	1
7	E.N. Central	-16.70	5

Figure 1

RV TRAILERS, YEAR-TO-DATE

June '89 Rank	Region	% of Change Year-to-date	May '89 Rank
1	S. Central	-3.23	3
2	Pacific	-5.97	4
3	Mountain	-7.14	2
4	S. Atlantic	-7.19	1
5	Northeast	-9.86	7
6	E.N. Central	-10.70	5
7	W.N. Central	-11.90	6

Figure 2

MOTORHOMES, JUNE '89

June '89 Rank	Region	% of Change From June '88	May '89 Rank
1	Pacific	3.50	2
2	S. Atlantic	.10	6
3	S. Central	-.70	3
4	W.N. Central	-2.86	7
5	Northeast	-11.70	1
6	E.N. Central	-13.30	4
7	Mountain	-26.80	5

Figure 3

MOTORHOMES, YEAR-TO-DATE

June '89 Rank	Region	% of Change Year-to-date	May '89 Rank
1	S. Central	-4.42	4
2	Northeast	-4.48	1
3	Pacific	-4.73	6
4	W.N. Central	-5.49	5
5	E.N. Central	-6.17	3
6	Mountain	-9.22	2
7	S. Atlantic	-9.94	7

Figure 4

GRAPHICS: CUSTOM COLOR VISUALS

down 5.2%, or 341 units, for June when compared with June of last year. Yet this was an improvement from the May market, which was down 7.7%, or 470 units, from the previous May.

Figure 3 ranks the seven regional markets in terms of each region's percentage change in June motorhome sales when compared with the same month of 1988. California had the largest percentage sales gain in the top Pacific region. Out of all the states in the lagging Mountain region, Arizona recorded the largest percentage decline for the month.

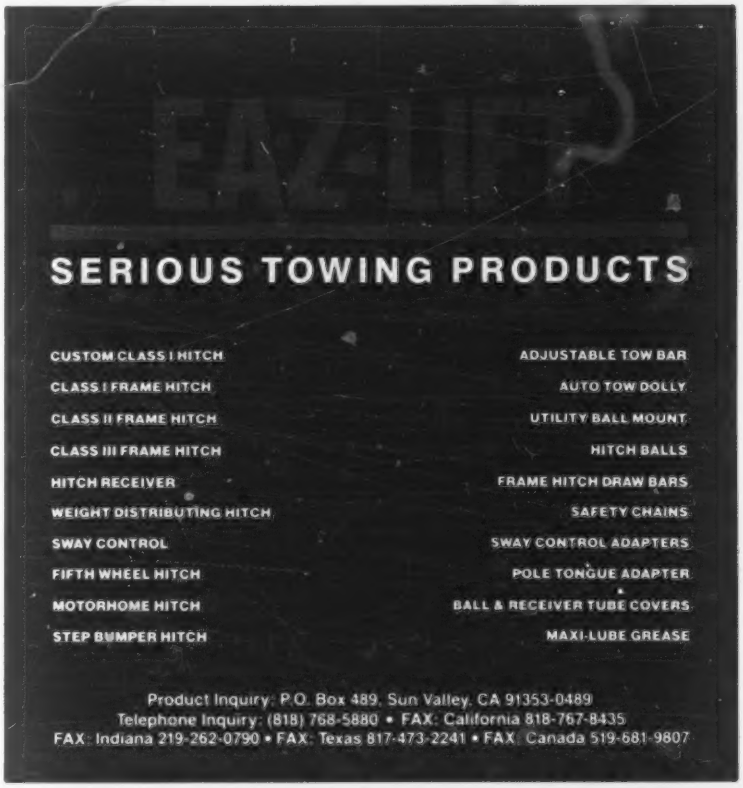
The improved retail numbers at the end of the first half of 1989 seemed to indicate that an inventory erosion was taking place in the market, which would be a healthy sign.

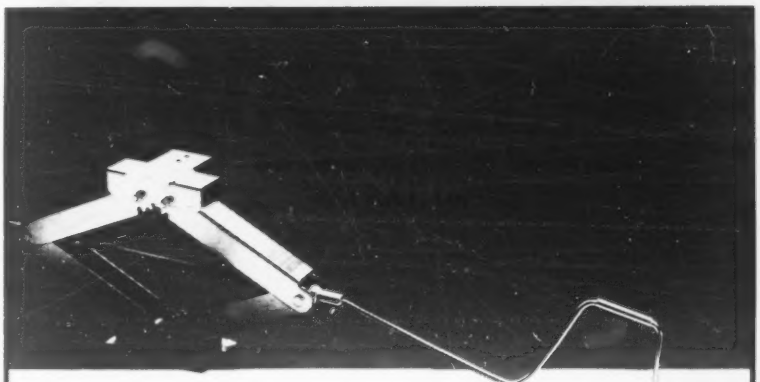
For the year-to-date in June, the motorhome market was down by 6.13% compared with 1988. This marked a continuation of previous months' improvement on a year-to-date basis.

A ranking of the market areas is listed in Figure 4, based on the percent of change in motorhome sales in the first six months of 1989 compared with 1988. The South Central region led all others, with Texas having the greatest percentage sales increase in that region. In the lagging South Atlantic region, the state of Virginia came in with the largest decline for the first half of 1989 when compared with last year.

The improved retail numbers at the end of the first half of 1989 seemed to indicate that an inventory erosion was taking place in the market, which would be a healthy sign. Each month has marked a slowing in the rate of decline compared with 1988, and if the industry continues with this market improvement into the fall, we can predict an even retail market at year-end. All the economic factors would then support the return of a good retail market in the coming year. Δ

Thomas Walworth is general manager of Statistical Surveys Inc., Grand Rapids, Mich., which has reported retail statistics for 30 years to the RV industry. Statistical Surveys is an acknowledged leader in the RV statistical field.





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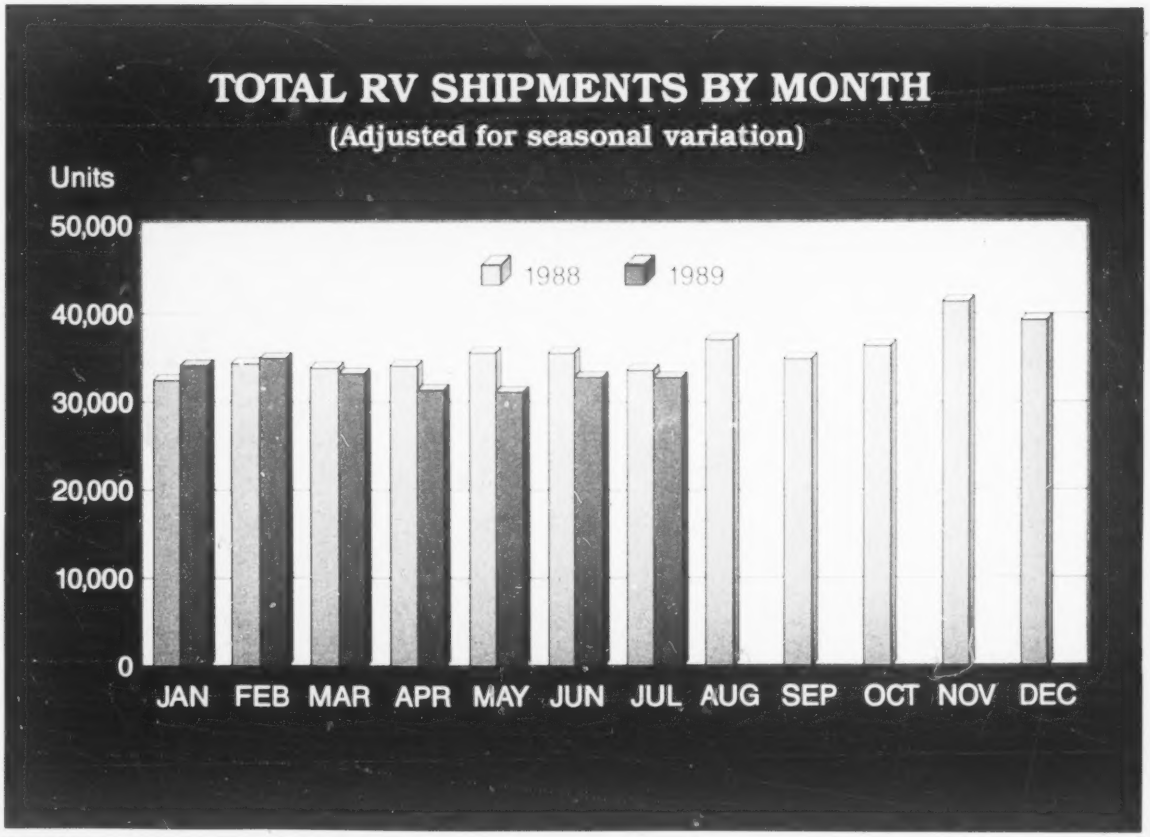

Figure 1

Going nowhere can be better than going somewhere – if somewhere is a place you do not want to go. The RVIA monthly shipment report, after adjustment for normal seasonal patterns, indicated no overall improvement, but it did show a variety of interesting positive signs, as well as a few negative factors.

During July, RV shipments remained virtually even with those of June. *(See Figure 1.)* The difference between the two months was just 20 units, which could easily be a case of rounding the numbers up or down. In percentage terms, you would have to go out four decimal places to find a significant digit. Although it might have been more hopeful to have seen the advance for the month of June repeated, the July figures suggested that the industry had gone into a holding pattern.

Yet, despite the fact that July was the fifth consecutive month to fall short of the same month in 1988, there were bright spots in the July numbers. One of these bright spots was the decrease in the shipment deficit compared with the same month of a year ago. In May, a comparison with the same month a year earlier showed that May 1989 was behind by 4,530 units. In comparing June 1988 and June 1989, the shortfall from last year was cut back to 2,820 units. By July, that deficit was down to 890 units. So, there was an indication of ongoing improvement.

GRAPHICS: CUSTOM COLOR VISUALS

The Detailed View

The deficit for the year-to-date stood at nearly 9,500 units in July, which was almost 4% off last year's pace. *(See Figure 3.)*

But 56% of that shortfall was the result of a 21.5% year-to-date drop in shipments by folding camping trailers. When this RV type was excluded, towables as a group were down by just 0.4%, which compared favorably with motorhomes, which were down by 8% as a group. Meanwhile, van conversions were running a modest, but healthy, 2.8% ahead of last year by July.

The good news for the beleaguered folding camping trailers is that they had a substantial July gain of nearly 800 units from June. That was nearly a one-third increase in their monthly total and a decrease in the annual deficit they had been running up.

July was an interesting month because both towables and motorhomes advanced, but their gains did not stand out in the total RV figures because they were completely offset by a decline in van conversions.

Don't be misled into thinking the worst about van conversions, however. It was a record July for these popular units, and they were down only in comparison with an outstanding June.

The best news of the month may have been that conventional travel trailers and Class A motorhomes both showed good improvements over their June levels. The conventional travel trailers were up by nearly 14%, while Class As advanced by an even stronger 22%.

Market Shifts

Van conversions continued to approach the magic 50% figure in market share in July. *(See Figure 2.)* Their gains this year primarily have been at the expense of towables, which have yielded 2.54 market-share percentage points, or three-quarters of the gains made by van conversions. Again, it should be noted that the decline in folding camping trailers accounted for a dominant portion of the shift in market share.

In Figure 2, we see the year-to-date or cumulative numbers. When we examine the monthly share figures, the dominance of van conversions can be said to have arrived. In both June and July, these versatile units had more than 50% of total shipments. June brought in a 54% market-share portion for van conversions. July was right at the 50% mark.

Some members of the RV industry continue to insist that van conversions are not recreational vehicles, that they are multipurpose vehicles that are not "truly" RVs since they do not offer the same degree and diversity of amenities. This may be true, but it may not be relevant. The important questions are:

- How do consumers view van conversions in the marketplace?
- Are van-conversion owners potential converts to other RV forms?
- Are consumers telling the industry something important for the 1990s about their interests, use patterns and desires?

Rather than deny the message of the marketplace, it would serve the industry better to study van-conversion buyers and gain ideas about future directions from their clear preferences.

Other forms of RVs have been stagnating for several years, while van conversions have advanced steadily. To ignore the competition because they do not fit a definition established by the industry itself—because they are not members of "the club," so to speak—is to invite a future as a footnote in business history. ⅄

MARKET SHARE BY TYPE OF UNIT
(Year-to-date, adjusted for seasonal variation)

	1989	1988
TOTAL RVs	100.00	100.00
Travel Trailers:		
Conventional	13.48	14.16
Park Models	2.03	1.85
Fifth-wheels	7.43	7.56
Folding Camping Trailers	8.37	10.24
Truck Campers	2.58	2.61
TOTAL TOWABLES	33.89	36.43
Motorhomes:		
Class A	9.57	9.95
Class B Van Campers	1.29	1.24
Class C:		
Minis	4.72	5.05
Low Profiles	0.44	0.49
Micro-minis	0.60	0.62
TOTAL MOTORHOMES	16.61	17.35
Multiuse Van Conversions	49.50	46.23

Percentages may not round to total because of rounding.

Figure 2

The best news of the month may have been that conventional travel trailers and Class A motorhomes both showed good improvements over their June levels.

RV SHIPMENTS BY TYPE OF UNIT
(Adjusted for seasonal variation)

TYPE OF UNIT	JULY 1989	PERCENT CHANGE FROM JUNE 1989	YEAR-TO-DATE 1989	YEAR-TO-DATE 1988
Total RVs	32,810	0.0	180,920	190,420
Travel Trailers:				
Conventional	4,430	13.7	31,720	34,960
Park Models	810	21.4	4,860	4,560
Fifth-wheels	2,370	9.4	17,450	18,610
Folding Camping Trailers	3,000	32.2	20,310	25,290
Truck Campers	680	21.4	5,940	6,440
Motorhomes:				
Class A	3,390	22.0	22,240	24,540
Class B Van Campers	340	19.0	3,170	3,070
Class C:				
Minis	1,690	3.0	11,560	12,460
Low Profiles	190	46.5	1,070	1,210
Micro-minis	220	4.8	1,480	1,540
Multiuse Van Conversions	15,720	0.6	89,540	88,040

Note: Data rounded to nearest 10 units.

Figure 3

Morton J. Marcus is the director of the Indiana Business Research Center at Indiana University School of Business, where he is also a member of the faculty. Marcus specializes in using statistics to identify economic trends.